

Spectator Sports: The Media at Play—Magazine special report

Advertising Age

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(Staff photos by Mary Herlihy.)

John Houseman, AA selection as Star Presenter, accepts congratulations from AA editor-in-chief Rance Crain at 25th annual Creative Workshop awards banquet. Emanuel Gerard (2nd l.) of Warner Communications accepted the Adman of the Year plaque for Warner chairman Steven Ross. Amil Gargano received the Agency of the Year award for Ally & Gargano. Workshop welcome was supplied Monday night by New York Mayor Edward Koch (inset).

Apple prepares battle plans

New York—Faced with increasing competition in the personal computer industry it pioneered, Apple Computer plans to step up its ad spending and probably will begin to advertise on tv throughout the year, Frederick M. Hoar, vp-communications, told AA Creative Workshop attendees.

Mr. Hoar, whose responsibilities at Apple include advertising, indicated that Apple will spend \$24 million to \$30 million on advertising in the fiscal year ending next month, or 4% to 5% of the company's projected sales this year of about \$600 million.

Apple intends to remain the industry leader despite the entry of large computer companies—most notably IBM—into the personal computer field, Mr. Hoar said. But he acknowledged that that will require spending more money on marketing and advertising. (See story on ad plans for Times's new

low-price computer on Page 3.) He declined to project actual spending in the next few years, but said it will remain at 4% to 5% of sales even though sales are expected to reach \$1 billion "not too far down the road." In 1977, its first year, the California-based company had about \$700,000 in sales.

Apple will break a new campaign "in about a month" that will stress the variety of uses for Apple computers, Mr. Hoar said. He said a recent print ad that merely listed 1,100 Apple-compatible computer programs was very successful.

Though he said he couldn't predict the company's media mix in future campaigns, Mr. Hoar indicated that tv will be used more heavily. "Typically, we've been fallow in broadcast" for three-quarters of the year, he said, referring to the company's practice of (Continued on Page 52)

U.S. creativity still best seller: Coke's Keough

By NANCY GIGES

New York—Coca-Cola president Donald Keough, before an audience of over 650 advertising/marketing people from 45 foreign countries, voiced a ringing proclamation that American creativity still leads the world.

Addressing himself to the critics of American advertising, the soft-drink executive defended it against those who malign it and claim that U.S. creativity has lost its lead. If any fault exists with the American creative process, he said, it is with those ad agencies that have sought to save a few dollars by cutting their creative staffs.

Delivering a keynote address at the opening of the 25th Advertising Age Creative Workshop here, Mr. Keough paid tribute to those generations of creative people who, he suggested, have been key to the success of Coca-Cola and other brands like it, especially those that are sold purely for human enjoyment.

"Please accept the simple, straightforward premise that advertising—creativity implied—exists for one reason: To sell, to sell goods and services," Mr. Keough said. "I'd say unequivocally that American creativity is 'selling' harder and more effectively than ever before." Of the 145 countries in which Coca-Cola is now being sold, he said, "I do

not know a single one which offers for sale the almost inconceivable variety of products and services that we offer consumers in these United States."

While advertising in other countries may be appropriate there, he asserted that the American creative product is the world's most advanced because "we've been at it longer and we've escaped the adolescent notion at long last of creativity for the sake of creativity."

Other Creative Workshop coverage on Pages 6, 14, 48 and 54.

He described advertising in Japan as "selling without really selling," in keeping with that country's cultural tradition. The principal job of advertising in Japan is to get attention by whatever film and graphic techniques are available and thereafter to entertain and enthrall, he said. While Coca-Cola copy in Japan talks about kindness and friendship and the "gentle refreshment of the morning's dew falling from sweet green leaves to the thirsty earth," that's not exactly the Coca-Cola copy we are buying these days for presentation to the American consumer, he noted.

Mr. Keough suggested that anyone who sets out to make comparisons between the crea- (Continued on Page 54)

last minute news

DDB joins Volkswagen in moving to Detroit area

Detroit—Doyle Dane Bernbach will join client Volkswagen in moving to the Detroit area. DDB will open a full-service office in Troy, Mich., to serve the VW division, which will shift from Englewood Cliffs, N.J., next March. The DDB office, expected to open about the same time, will be headed by Robert Rees as president. He is currently exec vp of the agency in its New York office. Volkswagen of America, the parent, also has headquarters in Troy. (See related DDB story on Page 56.)

Mitsubishi to top \$6 million in 1st separate effort

Detroit—Mitsubishi Motor Sales of America will invest between \$6 million and \$10 million in advertising this fall in its maiden ad effort. Ads break in 22 markets in mid-September via Cunningham & Walsh. Ads will hail "the most advanced technologies to meet the needs of our times." Until now, its vehicles were marketed here only through Chrysler Corp. (Continued on Page 8)

\$20 million fall introduction—its largest ever

AMC puts its all into Alliance

By JAY McCORMICK

SOUTHFIELD, MICH.—The American Motors/Renault Alliance, to bow next month, will have a thick French marketing accent despite being built in Kenosha, Wis.

"We have a hybrid here," said Howard I. Mosher, director of Renault marketing for AMC. "But it's a first-generation import; it hasn't been here since the Mayflower. It's almost a foreign car as opposed to an imported car."

The baby-boom generation is the target audience for the Alliance marketing program. As the bulge in the population moves ahead in years, car makers' mouths water with the prospect of increasing market size.

"By 1990, they [baby boomers] are going to account for about 42% of our business, being 60% of the population—an enormous market exploding, wanting new cars," said

AMC's general marketing manager David J. Van Beursem. "The opportunity in the decade of the 1980s has never been greater for the car company that brings the right products marketed correctly to these boomers. Success is virtually guaranteed."

To take best advantage of the boomers' current attitudes, and get the proper marketing angle for the first all-new car AMC has introduced since the ill-fated Pacer of 1975, the Alliance will be treated as a European car. "We found that European, in the minds of the market, stood for craftsmanship, quality, durability and generally positive associations. European means modern technology," said Mr. Mosher. "With 'made in America,' we had a very ambivalent reaction. 'Made in America' is a plus for the average consumer in our target group...with two qualifiers: They won't pay more money for it and

they won't give up quality to buy American."

Alliance tv commercials—breaking Sept. 4 on an NFL football game—and print ads (from Grey Advertising) will play off these feelings. A voiceover in a 30-second spot says: "For years, European excellence was priced out of reach. But one car maker, Renault, believes a car can't be the best unless people can afford it. Introducing the alliance of quality and affordability, Renault Alliance. Front-wheel drive, rack and pinion steering, electronic fuel injection. Alliance, European technology now built in America to be affordable. \$5595. Renault Alliance, the alliance of quality and affordability is here."

AMC will spend more on the Alliance during its introductory quarter than it has spent on a vehicle before. The Pacer had previous (Continued on Page 56)

Car makers' theme: Hands across the sea

By RALPH GRAY

DETROIT—Domestic auto makers are flaunting their meaningful relationships with foreign car companies nowadays. It wasn't so long ago Detroit was telling import companies not to call them at the office.

Nowhere is that change more marked than at General Motors, where president F. James McDonald said last week the pressure to marry couldn't be avoided any longer.

"All the American car companies have entered into creative new relationships with foreign companies. Although some people question these moves, competitive economics at the lower end of product offerings make them mandatory at this time."

"Importing smaller vehicles

from abroad is not a new idea," he told the *Automotive News* World Congress. "But today, small cars are taking about 60% of all U.S. auto sales, and foreign competition accounts for 40% of this market segment."

"These arrangements with foreign companies will assure that U.S. car makers retain a strong, competitive presence in this growing segment of the car market."

"I doubt if any American producer prefers to take this route, and I am hopeful that our current research and development work will prove that in the future we can competitively build small cars in this country," Mr. McDonald said.

GM will import some 200,000 Suzuki-made small cars as a Chevette supplement and has started joint venture negotiations with Toyota. Ford Motor Co. has a deal with

Toyo Kogyo for small cars, and Chrysler has been working with Mitsubishi and is seeking stronger ties with Peugeot of France.

American Motors Corp., now controlled by Renault of France, was the first to make it legal. "I think the type of relationship between AM-Renault is now an industrywide trend," said Jose Dedeurwaerder, president of AM and former Renault exec, another speaker at the World Congress, which this year featured more foreign-auto speakers than ever.

He was joined by Robert J. Sinclair, president of Saab-Scania of America, who said, "We are headed into a future of automotive re-alignment and alliances. The situation today is leading to all sorts of joint activities among the world's producers—driven by the intense competition among high-

volume manufacturers and everyone's need to share the enormous cost of design."

"These alliances will continue and one day there will likely be less than a dozen major car makers in the world," Mr. Sinclair said. He quickly added that would leave plenty of room for smaller manufacturers—like Saab.

"The line to the altar continues to lengthen," observed AMC's Mr. Dedeurwaerder. "The reason is simple. The costs of playing in the global automotive poker game have become too high for any of us to go it alone. We are proud of having led the way. Others are doing today what we did three years ago," he said.

The auto execs gathered at the World Congress had mostly nice things to say about the free, open

markets that have to exist if the multinational operations are to succeed.

The issue of local content that would bar sale of vehicles without substantial U.S. content was received coolly. Voluntary import restrictions to which Japan agreed were played down.

The natural order of local content is just fine with Mr. Dedeurwaerder. He pointed out the French-designed Renault Alliance being built here has 74% local content.

GM's Mr. McDonald also mildly suggested the car makers who sell here ought to make investments here. "How you get there—through voluntary restraints, tariffs or local content—is for someone else to decide," he said. Any local-content law should make (Continued on Page 56)



Noticeable taste

Liggett & Myers Tobacco Co., Durham, N.C., breaks a national campaign for Eve Lights in October magazines, including *Better Homes & Gardens*, *Family Circle*, *People*, *Self* and *Southern Living*. Ad features a model in b/w photo with cigarette package in color. Bloom Agency, Dallas, handles.

Pepperidge Farm rolls vegetable-pastry line

By GAY JERVEY

Pepperidge Farm, having met with success with its Deli's pastry-sandwich line, will roll national with a decidedly gourmet, vegetarian offshoot, *Vegetables n' Pastry*.

Previously tested in Portland, Me. (AA, March 22), the new line currently is being shipped to retailers in the East and South. It will be available nationwide by February.

Vegetables n' Pastry is described by Bill Sanders, general manager-frozen foods division at the Norwalk, Conn., company, as vegetables in a sauce that are wrapped in puff pastry. The five varieties include asparagus in mornay sauce; mushrooms dijon; zucchini provencal; spinach almondine in a light cheese sauce; and broccoli in cheese sauce. The asparagus mornay will retail for \$1.59, the others, \$1.29.

Pepperidge Farm is hoping to cash in on the growing gourmet cooking fetish that is infiltrating the kitchens of middle America.

Just as the Deli line thrived on Americans' faster-paced life style (see story, Page 54), the new entry should go over well with aspiring Julia Childs who don't necessarily want—or perhaps lack the time—to do all that cooking.

Mr. Sanders described the line as a natural by-product of the Deli introduction. "It was the outgrowth of some consumer input we got," he said. "The trick is to listen to what consumers are saying. And they were saying they wanted some sort of premium product like this."

Like its predecessor, *Vegetables n' Pastry* will be targeted at smaller households, particularly working women and men cooking for themselves, who need something fast and convenient, yet nutritious. Pepperidge Farm said the products contain no additives nor preservatives and have about 220 calories a serving.

There also appears to be some wishful (Continued on Page 51)

highlights

Monday, August 30, 1982

Ed McCabe, president-executive creative director of Scali, McCabe, Sloves, envisions a computerized creative department. See Page 6.

Subscription tv operators are disgruntled with restrictions imposed by 20th Century-Fox on the promotion and broadcast of "Star Wars," saying the situation threatens the future of pay-per-view films. See Page 10.

The purpose of the planned US Festival in California may not be money-making, but it's one aspect its backers have not neglected. See Page 10.

X-rated videogame cartridges that are compatible with Atari home videogame systems will reach the market in October. See Page 22.

Two views of the auto industry's future, predicting either good times or marketing disaster, clashed during a Management Briefing Seminar at the University of Michigan. See Page 22.

Pontiac is only two cars away from having a full line of cars that will fit its "exciting" new image. See Page 25.

The president of ABC Publishing is hoping to build on the results of the first two quarters, when the division achieved record

profits. See Page 31.

Kraft is appealing a federal judge's decision that allows competitors to use the word "whip" in salad dressing labels. See Page 31.

Grocery marketers can be encouraged by data collected by SAMI, which shows the threat from generic products is beginning to wane and that the industry has "dynamic" prospects. See Page 33.

Independent record retailers are fighting sluggish sales, home taping and competition from discount-oriented national chains with a new merchandising method: Rental of new albums. See Page 36.

NBC has broken the unspoken rule of never mentioning the competition with its new season promotions. See Page 42.

After 4½ months of publishing, the *Washington Times* starts taking ads this week. It has switched ad agencies and is gearing up for a new circulation drive. See Page 51.

After being ousted from top positions at two publications this year, Peter Bonnani last week joined *The Dial* as its new publisher. See Page 51.

Militant service station groups are trying to turn consum-

ers against the gasoline industry's discount-for-cash strategy by calling for an FTC investigation. See Page 52.

New York Daily News and its unions reach final agreement. See Page 55.

Nadler & Larimer acquires Altman, Stoller, Weiss. See Page 55.

Goodlife, a network of city magazines sent free to selected affluent homes, makes its debut this week. See Page 56.

Nicolas Charney, who founded *Psychology Today* 15 years ago, returns to the magazine. See Page 56.

Paul Paulson's Doyle Dane Bernbach successor will come from within. See Page 56.

CORPORATE CLOSEUP

The founder-president of The

Limited talks about his plans for recent acquisitions, including the 80-year-old Lane Bryant chain. See Page 4.

MAGAZINE

The marketing of home videogames is embroiled in such hot competition that it could mean \$100 million in fourth-quarter advertising. See Page M-2.

How simplicity and supergraphics can drive home the message is shown in an analysis of a group of effective outdoor ads. See Page M-28.

SPECIAL REPORT

The unique relationship between sports and the media continues to evolve—on the printed page, over the air and through the cable. See Page M-5.

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Young now old at Sanka

WHITE PLAINS, N.Y.—General Foods has decided that its Sanka (brand) decaffeinated coffee no longer requires the services of likable Robert Young, alias Dr. Marcus Welby.

A Young-replacement campaign will soon break nationally.

When word surfaced last week that GF had retired its longstanding Sanka spokesperson, talk began as to why. Could it be Mr. Young's health? It is well known that Mr. Young several years ago was hospitalized for a metabolically caused bout with depression, and his well-being has been in question ever since.

Or, possibly, did increasing competitive pressures from Procter & Gamble's High Point decaffeinated coffee—which opted for a new approach itself last year featuring actress Lauren Bacall—lead to the strategic shift?

The marketer is saying no to both, claiming that the decision was made simply because it was time.

Several months ago, when columnist James Brady reported in the *New York Post* that GF had decided to drop Mr. Young, strong (Continued on Page 55)



Low-price computer to get \$30 million sendoff

Timex raises its ad sights

By ROBERT RAISSMAN

If added evidence is needed to show the beginning of an explosion in the personal computer market, Timex Computer Corp. is providing it with its announced intention to spend between \$25 million and \$30 million this year on an introductory campaign for its Timex Sinclair 1000.

The campaign, via J. Walter Thompson USA, breaks this week and comes on the heels of announcements of sharp price cuts by other personal computer manufacturers (AA, Aug. 23). In Timex's case, its price—\$99.95—is lower than the competition's.

When the Timex computer was introduced last spring (AA, April 26), the Sinclair ZX81 computer, which is similar to the Timex model, was selling for \$149.95. Peter A. Schweitzer, JWT senior vp, said Timex realized that major personal computer marketers would cut prices below \$200 before the Timex Sinclair could reach the market and, in part, based its price on that expectation.

At the time of the Timex computer's unveiling last spring, industry sources estimated that Timex's ad spending would be somewhere between \$6 million and \$10 million. Timex executives would only say at the time that spending

would be based on potential sales. Timex still declines to reveal its sales projections for the Timex Sinclair, but its ad expenditure appears to point to a greatly increased sales projection.

Mr. Schweitzer said the volatile state of the home computer market led Timex and JWT to delay the final implementation of its introductory ad campaign. The tv spots went into production on Aug. 2. "We waited as long as possible to get a better reading of what was going on in the marketplace," Mr. Schweitzer said, "but it got to a point where we had to go."

Pricing is one key to the campaign. (Continued on Page 52)

Low-cost computer gets a high-tech send-off from Timex in this color magazine ad set to break next month as part of a heavy introductory campaign.

CBS, industry prepare for life after Paley

By MAURINE CHRISTOPHER

NEW YORK—With 81-year-old William Paley finally getting ready to leave his beloved CBS Inc., the company he founded, Black Rock insiders wait to see if president-chief executive officer Thomas Wyman, 52, has the necessary board support to run the \$4 billion conglomerate.

Mr. Wyman, heir apparent under Mr. Paley since June, 1980, was on vacation last week. And the CBS founder-chairman was traveling in Africa, far from reporters who were trying to learn whether he, as first reported in *New York* magazine, will retire next January and become a partner in Whitcom

Investment Corp., owner of Whitney Communications and its 10 magazines, newspaper, some cable systems and part of CapCities Cable. It was reported earlier that Mr. Paley was attempting to buy into Whitney (AA, July 26).

As the retirement report gained momentum, sources at CBS, where many top executives were away, seemed—not surprisingly—to have no inkling of the unpredictable, close-mouthed chairman's plan to leave CBS and invest some of his estimated \$500 million fortune in a concern headed by his old friend, Walter Thayer, and started by his late brother-in-law, Jock Whitney. Mr. Thayer was out of the office and not available. Nor were CBS

board members reachable.

Insiders at CBS characterize Mr. Wyman as a strong, people-sensitive manager. They see him as a fast learner who has taken firm control at CBS and has displayed a diplomat's tact in dealing with the legendary Mr. Paley and with group presidents and middle-line executives, who have had to teach the former Pillsbury executive the intricacies of the communications business.

He works through and with a management committee comprised of the group heads—Gene Jankowski, broadcast; Walter Yetnikoff, records; Thomas Kirwan, CBS/Columbia, and Peter Derow, publishing. Also sitting in on these

thrice-monthly sessions are James Parker, law; Paul MacCawatt, administration; William Lilley III, corporate affairs; Roger Moody, development, and Fred Meyer, finances.

While associates like him, Mr. Wyman has not scored any great new triumphs for CBS. The audio-record business has plummeted, CBS Cable is floundering and CBS-TV, though conquering in the nighttime Nielsen, continues to lag behind ABC-TV in the more crucial network tv billings race. Many observers think CBS has become too diversified for its best financial interests.

CBS Inc.'s president has handled his sessions with Wall Street ana-

lysts adroitly, but the numbers have given him little to elaborate on. Per-share earnings and income for the first six months of 1982 declined 12% from the 1981 levels. Revenues were up slightly—4%—to \$2.04 billion.

If Mr. Paley retires and leaves his corporate baby in the care of Mr. Wyman, Mr. Jankowski and the others, it may be because he wanted to be part owner of the *International Herald Tribune*. (His CBS colleagues also point out the obvious, that the aging chairman tires more easily and is less energetic these days. For example, he is said to be standing aside as they deliberate over a way to salvage

(Continued on Page 51)

Technical snags remain

Jan. target for 'WSJ/Europe'

By DENNIS CHASE

Officials at Dow Jones & Co. will announce next month that the new European edition of the *Wall Street Journal* will debut in early January, according to sources in Europe. The startup date mentioned most often by sources is Jan. 17.

The working name of the publication is the *Wall Street Journal-Europe*, but the final name has not yet been determined.

Top Dow Jones officials are scheduled to meet in Europe on

Sept. 10 and may issue a press release on the launch shortly afterward, following a press conference. They have nearly completed marketing plans for the new publication and have hired a staff of reporters and distributors. Ads in the trade press will coincide with the announcement next month. The ad agency is Jim Johnston Advertising in New York.

This week a production and editorial team for the new publication is in Europe to prepare for the launch. Sources say much of the

editorial staff will move into its Brussels offices this week, although others have been told to report later.

The launch, expected later in the year by some competitors, has caught them off guard. "I am surprised it is coming out so soon," said a spokesman for the *Financial Times*. "We were expecting March or April." The FT is planning a huge promotional campaign for its European Frankfurt edition this fall.

One hitch that possibly could delay the *Wall Street Journal-Europe* startup is the technical problem of matching the *Journal's* Composition Systems Inc. system with another system used by its printer, the *Limburgs Dagblad* newspaper in Heerlen, a tiny south Holland mining town on the German border.

Interfacing the two systems and waiting for outside vendors to write software for it is causing Dow Jones officials to shy away from announcing hard-and-fast startup dates which they may have to retract later.

■ Sources say another technical problem is reproducing full-color ads. *Limburgs Dagblad* allegedly has problems producing four-color ads for small pressruns. The prototype issue has 10 to 15 four-color pages, sources say, and one alternative is to produce the ads in France.

The newspaper likely will have 10 reporters based in Europe—most of them in Brussels and London—and another based in New York. It also will use the staff of the Associated Press/Dow Jones (Continued on Page 55)

Soft-drink brands staying on top—top-of-mind, that is

By JOSEPH M. WINSKI

Soft-drink brands increased their already substantial visibility among consumers in July, snaring five of the top 10 spots among all advertisers in consumer awareness, as determined by adWatch, a monthly survey by ADVERTISING AGE and SRI Research Center Inc., Lincoln, Neb.

Coca-Cola and Pepsi-Cola ranked one and two, respectively, in over-all awareness, as they have each month since the adWatch poll began in April.

7UP, which had ranked No. 8 in April but had not reappeared among the top 10 since then, jumped to fifth place in July, while Shasta (which recently broke a new ad campaign) broke into the top 10 for the first time. Dr Pepper, No. 8 in July, made the top 10 for the third straight month. Shasta tied for ninth with Bell Telephone, which also made its first appearance in the top 10.

AdWatch measures consumer awareness of advertising by asking a random sample of 1,250 consumers age 18 or over: "Of all the advertising you have read, seen or heard in the last month, which ad first comes to mind?" In July, one of every 10 Americans (10.3%) named a soft-drink brand when asked that question.

Displaced by 7UP, Bell and Shasta in the top 10 were Chrysler, Chevrolet and Tide detergent, which were seventh, tied for eighth and 10th, respectively, in June. In the most notable position switch in July, McDonald's moved up to No. 3 from No. 4 in June, changing

(Continued on Page 36)

adWatch

Top 10 in awareness, July Advertising named most often

July	June		July % of responses
1.	1.	Coca-Cola	4.66
2.	2.	Pepsi-Cola	4.00
3.	4.	McDonald's	2.40
4.	3.	Miller	1.52
5.	—	7UP	.88
6.	5.	Bushnell	.64
7.	6.	Ford	.64
8.	8.	Dr Pepper	.48
9.	—	Shasta	.40
10.	10.	Bell Telephone	.40

Question: Of all the advertising you've read, seen or heard in the last month, which ad first comes to mind?

Source: SRI Research Center Inc., Lincoln, Neb.

world news roundup

HONG KONG—Cathay Pacific Airlines tapped Leo Burnett Co. last week to handle its \$15 million account over Sydney-based DFS affiliate Fortune, which handled the account for 22 years, and Ogilvy & Mather's Hong Kong subsidiary Meridian.

ATLANTA—Ted Turner is in Europe this week lining up contracts for his 24-hour Cable News Network, and the first is likely to be with Italian private tv. Mr. Turner already has signed contracts in Japan and Australia; his next stop is Latin America.

MANILA—Coca-Cola's Philippine subsidiary has won a court injunction against the local Pepsi bottler, which was ordered to halt ads claiming the two colas sell for the same price. Coke sells for 12¢ for a 12 oz. bottle, compared with Pepsi's 14¢.

LONDON—Campbell Soup Co. will spend \$2 million here to launch new upmarket condensed soups via Saatchi & Saatchi Compton.

PARIS—Pernod-Ricard's Austin Nichols will launch two wines (red and white) in the U.S. next month under the brand name Devereaux. The company, stepping up its U.S. presence, will eventually launch Pacific, an anise-flavored soft drink, recently rolled out in France.

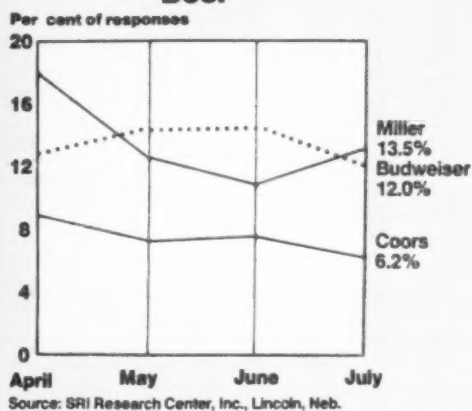
CARACAS—Venezuela's Health Ministry banned Adams Gum, of Warner-Lambert's American Chicle division, from airing its worldwide Dentyne commercial, which "promotes poor oral health by recommending chewing Dentyne over toothbrushing in public."

adWatch

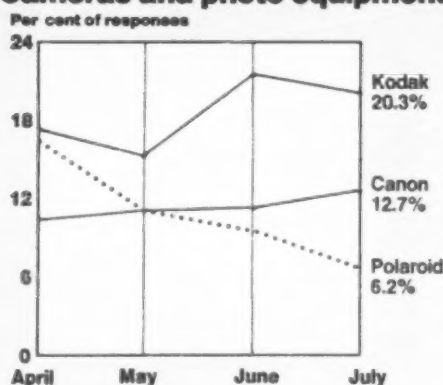
Trends in ad awareness

Question: Of all the ads for (product category) you've read, seen or heard in the last month, which ad first comes to mind?

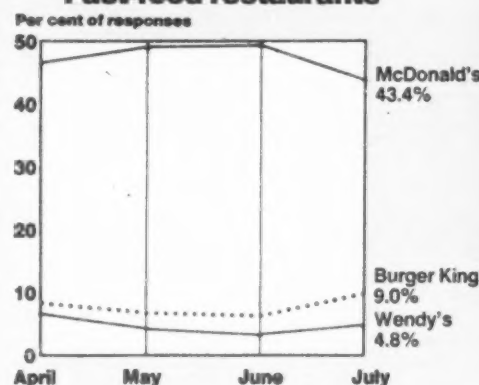
Beer



Cameras and photo equipment



Fast-food restaurants



Soft-drink brands staying on top-of-mind

(Continued from Page 3)

places with Miller beer. In product-specific questioning, however (consumers are also asked to tell which advertising comes first to mind for each of 20 product categories), McDonald's fell significantly in awareness of fast-food advertising. Although it retained its solid hold on No. 1 in the category, McDonald's share of the responses fell 5.76 percentage points in July, the largest decline recorded by any advertiser. No. 2-ranked Burger King, meanwhile, scored a gain of 3.52 percentage points, the largest increase scored by any advertiser.

McDonald's was named by 343 consumers in July, or 43.4% of the total, down from 615 consumers, or 49.2% in June. Burger King was named by 113 people, or 9.04%, up from 69, or 5.5%, in June.

In other categories in July:

Beer: Philip Morris' Miller/Miller Lite regained the No. 1 spot from Anheuser-Busch's Budweiser/Budweiser Light. Miller received 13.5% of the responses, up from 10.8% in June, to Budweiser's 12%, down from 14.5%. Miller and Bud each have led the category in two of the four months of the survey. Coors, which received 6.2% of the responses in July, down from 7.7%, has ranked third all four months.

Cameras: Polaroid, No. 3 in the category, continued its slide, receiving 6.2% of the responses in

July, down from 9.4% in June and from 16% in April. Polaroid's score has dropped every month since April, when it was No. 2 in the group with 16% of the responses and within striking distance of Kodak, No. 1 in the category that month and each month since. Canon strengthened its hold on No. 2, but remained well behind Kodak.

Cars/trucks: Ford remained No. 1, but its awareness score fell to 13.4% from 16.7%. Chevrolet was second with 10.2% and Toyota third with 8.7%. The rankings in this group have not changed in the four months of the survey.

Coffee/tea: General Foods' Maxwell House (12.8%, up from 11.8%) reclaimed the top spot, after having dropped to third and yielding No. 1 to Procter & Gamble's Folger's (11.5% in July, down from 12.6%). GF's Sanka was third (11.3%, down from 12.5%).

Cosmetics/fragrances: Maybelline, which was No. 3 in June, marking its first appearance in the top three, moved up to No. 1 in July, with a score of 4.3%. Avon, No. 1 in June, was second with 2.7%, and Revlon's Charlie, No. 2 in June, was third with 2.5%.

Home electronics: Mattel's Intellivision (3.3%) ranked No. 3 for its first appearance among the category leaders. Radio Shack reappeared with a No. 2 ranking (3.7%) while Warner Communications' Atari continued its comfortable

lead (15%).

Paper products: P&G's Charmin (8.5%) regained the top spot from Scott's (7.68%), which fell to third behind P&G's Bounty (7.76%).

Soap/shampoo: Coast and Ivory, which weren't in the top three in June, tied for No. 1 with 4.6% of the responses. Both are from P&G, as is Prell, No. 1 in June, which fell to No. 3 in July with 4.1%. Armour-Dial's Dial, No. 2 in June, fell from the top three.

Soft drinks: Coke (25.36%) narrowed Pepsi's (25.76%) three-month lead to just five mentions, or an insignificant 0.46 percentage points. Seven-Up (8.3%) was third again.

Toiletries/hygiene: Charmin (6.7%) led here also, thus repeating its May feat of being No. 1 in two different categories. Johnson & Johnson's Stayfree (3%) was second and P&G's Crest (1.8%) third.

The top three in the remaining categories:

Airlines: United (14.3%), Eastern (9.4%), American (7.9%).

Breakfast foods: Kellogg's (5.4%), General Mills' Cheerios (3.84%), GF's Fruit 'n Fibre (3.76%).

Gum/candy: Wrigley (8.2%), Doublemint, a Wrigley brand, (5.4%), Warner-Lambert's Trident (4.4%).

Laundry products: Tide (15%), Cheer (4.2%), Solo (3%). All are from P&G.

Medicine/drugs: J&J's Tylenol (17.5%), American Home Products' Anacin (6.8%), Sterling Drug's Bayer (2.8%).

Packaged, canned, frozen foods: GF's Birds Eye (4.7%), Pillsbury's Green Giant (3.5%), Stouffer's (2.7%).

Pet food: Purina (7.9%), Allen Products' Alpo (6.6%), Ralston Purina's Chuck Wagon (3.2%).

Tobacco products: Philip Morris' Marlboro (7.2%), R.J. Reynolds' Winston (3.8%) and Salem (2.6%).

Wine/liquor: Gallo (5.12%), Villa Banfi's Riunite (5.04%), Brown-Forman's Cella (3.6%).#

For additional information on adWatch, contact: Gary Gabelhouse, SRI Research Center Inc., 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Album retailers try rentals

By JENNIFER PENDLETON

Some independent record retailers that have watched their businesses get zapped by sluggish sales, home taping and competition from discount-oriented national chains, are fighting back with a new method of merchandising that threatens the powers in the record industry. They're renting new albums at a fraction of the retail price as an incentive to stimulate sales.

As new album prices have soared to \$8 and \$9, record album sales have dropped dramatically in the last few years. Many retailers, especially the independents, have seen their profits dwindle.

CRC Records, San Jose, Cal., is one record retailer that decided to do something about it. At its San Jose outlet, CRC is offering two-day rentals of new albums at \$1.98, with the hope that once customers preview albums, they will pay the difference in the retail price and keep the merchandise in the home. CRC believes the rental service has done a lot to help its business in San Jose and believes there's a big future in other markets.

■ CRC currently has only one outlet, but the company is planning to open 14 additional locations in the Bay Area sometime in the next year. CRC also is looking to expand into Southern California.

While it's apparent the intent of many rental record customers is to record the albums on blank tape to avoid today's hefty record prices, CRC executives are unconcerned. CRC vp Al Clem shrugs off criticism that record rental is improper with the argument that record companies are charging too

much for albums. "If albums were still at reasonable prices, no one would rent records," he says.

CRC has never mentioned home taping in its advertising for its record rental services. Instead, it refers to its rental service as "no-risk record buying." The company is using in-house produced radio spots, with plans to expand into Bay Area tv spots next month.

CRC is not alone. By one estimate there might be as many as 200 record retailers renting records throughout the country. Overseas, especially in Japan, there are reportedly thousands of retailers

renting records.

Music Odyssey, West Los Angeles, is another high-volume retailer renting records that believes the practice is the legitimate fulfillment of consumer needs, instead of a way to rip off record companies. "People can't afford \$8 for a record," argues Music Odyssey president Steve Gabor, "so we are letting them preview the music to see if they want to buy it." Music Odyssey charges \$1.99 for rental of the first record, plus 99¢ for each additional record rental. But rentals are not promoted, and there are no plans to do so.

adWatch Extra: Magazines

Question: What magazines have you read or paged through in the last two days?

	Per cent of respondents who mentioned
1. Time (weekly)	13.0%
2. Reader's Digest	10.6%
3. Good Housekeeping	8.2%
4. Newsweek (weekly)	7.2%
5. Better Homes & Gardens	5.6%
6. National Geographic	5.5%
7. McCall's	5.2%
8. Sports Illustrated (weekly)	4.4%
9. Family Circle	3.9%
10. Ladies' Home Journal	3.8%

Note: Respondents were allowed to name up to five magazines

Source: SRI Research Center Inc., Lincoln, Neb.

FCB 'repositions' creative dept.

The creative department of Foote, Cone & Belding, Chicago, has been "repositioned" since the departure of Alvin Hampel, who was executive creative director until becoming president of D'Arcy-MacManus & Masius-New York. Now the duo of Lou Centillivie and Mike Rogers is in charge—presented in this ad as returning control "to the workers." The b&w ad, which ran in *Screen*, a local newsletter for the commercials production industry, spoofs the alleged hierarchical structures of rival agencies.



"I can get it through my ACD before the CD sees it, so it might be able to catch the FCB and schedule an ACD. So there's the change over at FCB."

Signage: We've cut out the middleman and done away with the alphabet soup. We don't have a lot of empty titles and a lot of supervisors and a lot of hands. This is pretty much a place where you show it to the boss, and then you show it to the client. At FCB, everything goes to the boss, where it belongs. With the workers.

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Followers explain new wave and its impact

McCabe envisions computerized creative dept.

New York—Computers are coming to his creative department at Scali, McCabe, Sloves, and Ed McCabe, president-executive creative director, is thrilled about it.

"I want to get rid of the gap between the inspiration and realization of an idea," Mr. McCabe told an audience at the ADVERTISING AGE Creative Workshop session last week. "Computers offer tremendous usefulness for writers to be

able to retrieve old copy, to edit, to work more quickly. One year from now, I plan on having a computerized creative department."

Computers (word processors) also would allow creatives other advantages: "A writer not only won't have to go through account management, he won't even have to go through the client," Mr. McCabe said. "He will have access to that information in the machine." Some of the account and client data he envisioned being fed into the computer includes historical copy; marketing and technical information; jobs being worked on now by the client, and exactly who is working on what.

After the writer composes his copy, he can then transmit it to Mr.

McCabe, who in turn can make notes in the margins (and on the computer), zip it back to him, get it back revised and then hit the print-out button, the executive explained.

This is not the first time Mr. McCabe has made news with an idea to revolutionize the creative department, he reminded the audience. About 18 months ago, he decided to wipe out the traditional, vertical creative group structure, wherein copy supervisors, art supervisors, associate creative directors were all assigned to specific accounts (AA, April 6, '81).

The vertical was replaced with a horizontal setup, and Scali's creative operation now consists of four associate creative directors as-

signed to specific accounts and then an army of writers and art directors who can work on one account one day, another the next. Their assignment is determined by

CREATIVE WORKSHOP

where they can be most effective, where they want to be and where they are needed; Mr. McCabe describes it as free lancers working on assignment.

The experiment has worked

well, Mr. McCabe reported. While he expected client resistance, he got none. "Instead of clients worrying about what writer they had, they started looking at the advertising being done," Mr. McCabe said. And, he boasted, the advertising was as good or better than it had been in the past.

"Everyone grew substantially," he added. Although the restructuring was only made in the creative department (the only place it was suitable), Mr. McCabe said it has served to make the account management people work harder, too.

■ David Tree, creative director of Young & Rubicam, Los Angeles, answered the ponderous question, "What is New Wave?" by noting that, commercially speaking, new wave means strong visuals, strong music, strong colors, a minimum of copy. It is the Lincoln-Mercury ads for Lynx, the Chanel "fantasy" spot, the Diet Pepsi "Now you see it, now you don't" commercials. New wave also is a 3-year-old reel of European commercials that native Londoner Mr. Tree brought along for his Creative Workshop presentation.

"The heart of new wave is visual impact," Mr. Tree told attendees. He also explained that new wave advertising reinforced the basic advertising tenet that "an ad message should be simple and clear, relevant—and the product is hero."

Asked whether he thought new wave might be old wave in a year, Mr. Tree said he doubted that it would happen in that way. He said (Continued on Page 55)

sweepstakes

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corrections & clarifications

• In the table of figures in today's Magazine (P. M-3), the total number of estimated consoles already installed in U.S. homes (in thousands) should be 15,450 in the Merrill Lynch column and 17,500 in the Becker column.

• The spoonable yogurt market totals more than \$525 million, of which the Dannon Co. share is about 25%. Both figures were incorrect in an earlier story (AA, Aug. 9, P. 2).

• The Washington Post said it sold ad space to, rather than swapped with, the Detroit News (AA, Aug. 23, P. 43). The News had said it swapped space with the Post, along with five other newspapers, to publicize its editorial awards.

• Rolling Stone's cpm's have been lowered, contrary to an earlier item (AA, Aug. 9, P. 38). The b&w cpm is \$16.60, down from \$17.02, and the four-color cpm is \$24.76, down from \$25.38.

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Pontiac building image for lineup

By JAY McCORMICK

PONTIAC, MICH.—Now the image building really begins for Pontiac.

The General Motors division is only two cars away from having a full lineup of "exciting" models, according to general manager William E. Hoglund. It took several years for Pontiac to get this close.

"I don't think our basic problem or challenge has been advertising; it's been getting the product," Mr. Hoglund said. "Then the advertising has to complement that."

The division has been building a sporty image since last year with various "excitement" themes, leading to this year's "Pontiac, we build excitement" (AA, Aug. 9). "Image is perception, a gut feeling. Right or wrong, image can help or hurt, and you don't change it overnight," Mr. Hoglund said.

One of the two cars needed to fill out Pontiac's image, the P-car two-seater, will come out during 1983 as a 1984 model. Another model, the subcompact 2000, will have its image improved when a convertible version, dubbed the Sunbird, debuts next spring. "The convertible has an excitement image," Mr. Hoglund said. "Not every car you do is going to be a BMW, but there's an aura of excitement about the convertible."

Pontiac has had trouble building name awareness for its alphanumeric models, such as the J2000, T1000 and 6000, which may account for the Sunbird nameplate on the new convertible. "We're moving in that direction by taking the alpha part of the alphanumeric, and you may see the rest of it go eventually," said Jim Graham, Pontiac's director of merchandising.

Pontiac's image-building is really a resurrection of the old "wide track" image the division had in the late 1960s and early 1970s, according to Mr. Graham. "When Pontiac was riding high, third in the industry, it was because we had a very special image, our own image, and it was stylish, sporty, fast, muscle, partly shed off the old GTO image," Mr. Graham said.

When the oil crunch came, Pontiac dropped that image as untenable. "Burning rubber down Woodward Avenue became not only bad judgment, but almost sinful. In a way, we overreacted. In retrospect, we shouldn't have pulled our image back as far as we did and made it bland," Mr. Graham said. "We were trying to be a mirror to other attitudes—trying to out-value the low end of the market and out-velour the top end of the market."

When Pontiac decided to go back to its sporty image, it found it lacked the necessary hardware to carry it off. The division did not want to promise something it could not deliver. "I worked for Bill Bernbach at Doyle Dane and he told me, 'The quickest way to destroy a

bad product is through good advertising.' We knew we could not come out last year with the product line we had—the whole line—and say, 'You've got to accept it.' There were cars in that line that just didn't make it," Mr. Graham said.

Now with the Firebird, a peppy 2000 on stream and a European-style 6000 STE coming later in the fall, Pontiac is closer to the product mix it desires. But other GM divisions have the car lines Pontiac has, so the burden of building a distinct image falls to advertising. "If products are more alike, then the difference can be merchandising and advertising," Mr. Graham said.

So Pontiac is requesting a larger ad budget from GM. If the added money comes through, it will go into the division's normal media mix—80% for tv and 20% for print, mostly newsweeklies and special-interest magazines.

The banner headline in some of the ads will be the name of the car and a smaller head will be below a shot of the car. The 2000 will be: "Pontiac 2000. Five speed, overhead cam, fuel injection." The 6000 will get a similar layout: "Pontiac 6000. European performance, American technology, world class." The Grand Prix gets a longer headline: "There's new excitement in our '83 Grand Prix."

The "image" cars—2000, 6000, Grand Prix and Firebird—will get most of the ad weight and all of the tv time. Bonneville, 1000 and Phoenix will get print support but no tv. Cable buys are "exploratory only," according to Mr. Graham. "If Ted Turner indeed comes up with the fourth network, if ESPN [Entertainment & Sports Programming Network] becomes a giant factor in the business, then we'll

Pontiac dealer intro to become tv special

PONTIAC, MICH.—Detroit's all-out effort to get more bang for the buck in these troubled times has extended to its customary new-car introduction hoopla.

Pontiac division of General Motors will tape its Las Vegas extravaganza to introduce new models to its dealers next month and develop it into a tv show that will air in 85% of the U.S. in January.

"We've made an investment [in the dealer show] anyway; why not get a bigger audience with it?" said Jim Graham, Pontiac director of merchandising. The show will air on an ad hoc network created from various independent and network affiliate stations around the nation. It will run on Sunday, Jan. 23, from 8 p.m. to 9 p.m. (ET).

Stars lined up for "Me and my car, an American love affair" (the current working title) include Dick Van Dyke, Norm Crosby, Morgan Fairchild, Lee Majors, Isabelle Sanford and Scott Baio. The stars will appear in taped location shots that will be inserted into the edited Las Vegas show.

"We will make a sizable investment in an entertainment vehicle to introduce our new cars to our dealer organization in Las Vegas. By taping the big

Smokeless tobacco market in 1981

Plug				Twist/Roll			
1981		1980		1981		1980	
Company	Pounds	Share	Pounds	Share	Company	Pounds	Share
R.J. Reynolds	7,702	84.7	8,108	63.2	Conwood	1,000	54
Conwood	2,610	21.9	3,000	23.4	R.C. Owen	850	46
Brown & Williamson	1,177	9.9	1,207	9.4			
Pinkerton	420	3.5	510	4.0			
Total	11,909	100.0	12,825	100.0	Total	1,850	100

Soft Plug				Loose Leaf			
1981		1980		1981		1980	
Company	Pounds	Share	Pounds	Share	Company	Pounds	Share
Pinkerton					Pinkerton	24,300	34
Redman Moist Plug	2,200	34	1,070	28	Redman	28,000	39
R.J. Reynolds					Conwood		
RJR Gold	1,651	25	1,234	32	Levi Garrett	17,150	24
Conwood					Total	19,410	27
Taylor's Pride	1,250	19	1,500	40	Lorillard		
Levi Garrett Plug	1,400	22	—	—	Beech-Nut	12,299	17
Total	5,501	100	3,954	100	Total	13,315	19

Dry Snuff				Total Smokeless Tobacco			
1981		1980		Volume		Market Shares	
Company	Pounds	Share	Pounds	Share	1981	1980	Share
Conwood	5,250	43.0	5,400	42.7	Conwood	31,920	24.0
General Cigar	3,950	32.4	4,051	32.0	Pinkerton	30,620	23.0
U.S. Tobacco	2,132	17.5	2,251	17.8	U.S. Tobacco	29,432	22.1
Brown & Williamson	848	7.1	953	7.5	Lorillard	13,315	10.0
Total	12,200	100.0	12,700	100.0	R.J. Reynolds	12,807	9.8

Moist Snuff and Fine Cut				Total			
1981		1980		Pounds		Share	
Company	Pounds	Share	Pounds	Share	Company	Pounds	Share
U.S. Tobacco	27,300	88.3	25,987	95.2	Conwood	31,920	24.0
General Cigar	1,200	3.9	400	1.5	Pinkerton	30,620	23.0
Conwood	2,400	7.8	913	3.3	U.S. Tobacco	29,432	22.1
Total	30,900	100.0	27,300	100.0	Lorillard	13,315	10.0

Source: Lehman Bros. Kuhn Loeb Research.

make some giant moves," he said.

To push the sporty image a little more, Pontiac is using Richard Petty, the race car driver, in its catalog. "Goodyear is helping us out a lot," Mr. Graham said. "They use Richard Petty with their Eagle tires on our Grand Prix [in Goodyear ads]. When you see our catalog, you'll see an awful lot of Goodyear tires on the cars, and in our ads, too. It's a one-hand-washes-the-other thing; we didn't make a deal with them."#

Conwood still leads in smokeless tobacco

By JOHN C. MAXWELL JR.

As usual, we question U.S. Department of Agriculture statistics and have modified them as best we can. We also have broken out the soft-plug category for the first time. It seems wiser to show soft plug as a separate product rather than a subdivision of loose leaf.

Conwood continued as the industry leader in 1981, with Pinkerton and U.S. Tobacco in a tight race for the No. 2 position. The fine cut and semimoist area (up 13.2%) is receiving new entries. Conwood has added to its product line with Kodiak, while Reynolds is testing Timberline in Texas and Liggett

Group recently came out with Culver Brothers. This and soft plug (up 71%) are the only growth areas of the smokeless tobacco industry, and this is where new product activity is occurring.

Industry volume was up about 4% in 1981, against rises of 3% in 1980 and 6.7% in 1979. We are aware that this industry has been affected by the economic downturn. Many blue-collar work sites, such as mines and auto plants, prohibit smoking—and this encourages the use of smokeless tobacco products. We guess that some laid-off workers have returned to cigars, but will revert to the smokeless area when they are rehired.#

Two join 13-30 Corp. in executive changes

KNOXVILLE, TENN.—13-30 Corp. has named two outsiders to new, key executive posts in a reorganization that also involves five of its current managers (AA, Aug. 23).

The moves were essential, said Christopher Whittle, chairman, "if 13-30 Corp.'s growth is to continue in an orderly fashion." Gross income more than doubled, to more than \$20 million, in five years, he said, with \$31 million projected for the current fiscal year. It and Esquire are owned by 13-30 Group.

Ivan Samuels has joined the publishing company as chief operating officer, a new post. He previously served as president-chief executive officer of Ciba Vision Care Co., Atlanta, a division of Ciba-Geigy Corp. This new position ranks below that of Mr. Whittle and Phillip Moffitt, president, and above that of Mike Collins, exec vp-general manager.

Ron McDougall has joined 13-30 as exec vp of a newly created divi-

sion, the Business Group. He had been senior vp-marketing and strategic development at the Dallas-based Steak & Ale Restaurants division of Pillsbury Co.

Within the Business Group, which will handle all of 13-30's multiple advertiser operations, there were two promotions: Bob Hanggi to vp-publisher, student publications and sampling from vp-sampling operations, and Warren Guy to vp-publisher, wall media from vp.

Ed Smith formerly vp-circulation and field operations, has been promoted to a new position, senior vp-planning. He will oversee development of new products.

Replacing Mr. Smith is Jim Rinehart who takes the new title of vp-field marketing. He formerly was director, national advertising sales, student publications. Laura Eshbaugh who was vp-creative development, becomes vp-research and development.#

Sun Wave tests apparel

MIAMI—Sun Wave of Miami is testing Sun Wave athletic apparel and plans to take the line national within two to five months. AB&R handles.

The big bang marketing of home VIDEOGAMES

Hot competition could mean \$100 million in 4th quarter advertising

By Matthew F. Mansfield

Like the astronomic scores and pulsating beats of Space Invaders and Astro Smash, the numbers and the competitive pace in the home videogame industry continue to escalate. Consider that:

- Factory sales estimated at \$2 billion for 1982 will nearly double last year's figures and will equal 20% of all American toy sales.
- At least 14 million U.S. tv homes will have game consoles by Christmas—an increase of between 6 million and 8 million homes over a year ago.
- Some 50 million to 70 million game cartridges will be plugged into those consoles in 1982, depending on whose figures you believe.
- Competition has become so fierce that marketers are spending at least \$1 million and in some cases perhaps as much as \$3 million to market each new videogame that enters the field.

We are in a gold rush era of home videogames. No one agrees on the figures, and everyone is talking deals. Marketers ranging from free-wheeling, one-shot entrepreneurs to corporate giants are crowding the marketplace. Retailers are at once ecstatic and anxious over the fall invasion.

With five and possibly as many as seven incompatible game consoles being offered at \$100 to \$250 retail, a major shakedown by January seems inevitable. Atari and Intellivision (made by Mattel) are expected to continue dominating the market, although a major battle looms for third place.

The hot spot today is software. At least 15 companies, including some that barely existed last year, will ship more than 300 different game cartridges priced from \$20 to \$40. Atari will still lead the way, but Atari-compatible cartridges from competitors are sure to make inroads. Capable of instant millions in console and game sales, this segment is the leading edge of the business.

What makes the game cartridges exciting? There are several factors: The emotional pull with customers whose word-of-mouth can make or break the game; the short product life span, with 50% of sales achieved in the first six months; the lucrative margins for manufacturer and retailer with a box office hit. At an estimated \$6 cost-of-goods, software is where the money is.

Already, opposing schools of software design and marketing have drawn lines. Graphics versus playability, action versus strategy, solitaire versus multi-players, original vs. presold titles—all these are weighed as to importance. The scramble to segment the market is on.

Atari: Leader of the pack

A point on which everyone can agree: Atari is big. How big is in dispute. Skimpy with details, Atari itself claims 85% market penetration. A cross-section of competitive, retail and Wall Street opinion is more conservative and specific estimates are that Atari has a 65% to 75% unit share of the installed videogame consoles and a 50% to 55% unit share of the videogame cartridges, with 20% to 25% of remaining cartridges Atari-compatible.

Matthew F. Mansfield is a contributing editor to "Crain's Special Events Newsletter" and vp-management supervisor at Drossman Yustein Clowes, New York. And no—he is not a videogame aficionado. He prefers gardening instead.

Several advantages make Atari big: Pioneer game development and marketing of the original organization before its 1976 acquisition for \$27 million by Warner Communications; willingness to invest in research and development as well as sales and promotion; unique cross-marketing experience from coin-operated service operations.

This game plan leads to the largest variety of car-

lowered the suggested retail price of the 5200 HES by \$50 after its debut at the June Consumer Electronics Show in Chicago.

Atari division president Michael Moone maintains that the 5200 HES will be well received by players demanding state-of-the-art videogame technology. Put another way, game graphics will be touted as highly as they are with Intellivision.

At the same time, Atari is reinforcing its VCS library. Following the heralded success of Space Invaders, Asteroids and Pac-Man, 13 new games will be launched this fall. Two titles reflect corporate ambitions to step beyond its arcade experience: "Sword-Quest," a unique four-cartridge series of interrelated strategy games with supplemental clues to appear in issues of Warner-owned D.C. Comics books, and "Raiders of the Lost Ark," an adventure game based on the movie. Four sports cartridges also will be fielded against Mattel's Intellivision lineup.

Pac-Man's initial performance as a home videogame, may have accelerated this corporate imperialism. Atari management says 9 million cartridges have been shipped. But at the retail end of the business, the picture is somewhat different; Not only is the home version of Pac-Man a disappointing translation of the arcade format, critics say, but also graphic "flickering" hints at poor programming. Retailers report selling at—or even below—the \$22.50 cartridge wholesale price.

Game concept segmentation for different player appeal is also coming. The key group now is 8 to 18 year-old males. Preschooler importance is growing as indicated by Atari licensing arrangements: Aerobics games with Mickey Mouse and other Disney characters as well as educational games with the Sesame Street gang are planned for 1983.

Both published and internal company sources put 1982 Atari advertising spending at \$75 million—under the industry 10% advertising-to-sales ratio but still the largest budget. At least \$30 million and probably more will be spent in this year's fourth quarter because of seasonality and increased competition.

The bulk of second half 1982 dollars will go to lengthy network tv and radio schedules. Print ads will extend reach in mass, male-oriented, sports and specialty magazines. Informational ads for parents will appear in some of these plus shelter and women's service magazines.

Copy for the 10 30-second tv spots to air will support separate corporation and software title stores. The intended customer take-away is edging away from "Have You Played Atari Today?" According to Janet L. Soderstrom, Atari vp-corporate advertising, the new concept will assert: "Only for Atari from Atari."

Mattel smashes back

Despite Atari's dominance, Mattel has built a strong second position in the market. Intellivision's estimated 18% to 20% of installed U.S. consoles has proven its hardware and software endurance to retailers and customers. But marketplace turmoil is pressing Mattel to go after Atari even more aggressively during the balance of 1982.

Mattel has convinced a lot of people that the Intellivision master component is the best of the videogame consoles, especially for graphics. This image is important to justify competitive value and premium pricing. The sophisticated controls, a larger memory and other features



Illustration by Jeanette Adams

tridges, more than 50 by yearend, for one of the least expensive consoles, the Atari 2600 VCS. With cartridges competitively priced at slightly more than \$30, the VCS retails at \$130, about \$100 below its major rival, Mattel's Intellivision.

By October, the Atari 5200 Home Entertainment System (HES) with a \$250 suggested retail price, will be shipped. This stripped down Atari 400 Home Computer is being introduced to counter complaints about the VCS quality and limitations, relative to Intellivision, and to be an intermediate price level between game consoles to home computers at \$350 and up.

A total of 14 Atari games will be compatible only with the 5200 HES. (Atari VCS games will not be compatible with the 5200 HES until 1983, when a special adapter will be ready for separate purchase.)

Retail and competitive reactions to the 5200 HES have been skeptical. A production unit has not been seen by many buyers. The unit may not have enough potential for those seeking add-on home computer capability. The two-tiered positioning of the VCS for children and the 5200 HES for the family may frustrate purchasers with the price-value spread. In fact, Atari unexpectedly

compare very favorably with the Atari VCS. Complementing the hardware has been a limited, 27-cartridge library with notably successful sports games.

Intellivision's state-of-the-art position is being challenged, first with the imminent arrival of the Atari 5200 HES and other hardware promising more computer capability at competitive prices and, second the headlong rush of software marketers to market new game cartridges, most of them Atari-compatible.

Intellivision has prepared counterattacks. Hardware advertising will draw customer attention to the product's superiority over the Atari VCS. Promotions and new features will parry other hardware challenges.

A \$50 cash rebate plan for an Intellivision purchase (begun Aug. 16 and ending Sept. 18) will match expected ColecoVision and Commodore Max introductory prices and undercut the Atari 5200. Intellivoice, a voice module for more player-computer interaction, will be a console add-on available this fall for \$69. Except for Odyssey, other rivals will not offer this feature until 1983.

Another thrust will be the expansion of the cartridge line with 13 new Intellivision titles and the M Network, consisting of 11 Atari-compatible games. Four more also will be sold for the Intellivoice module.

"We are developing software with broad segmentation potential," says Peter Pirner, senior vp-marketing at Mattel. "We have wide appeal now because average cartridge sales per game title are higher across the Intellivision line than the Atari line. Atari gets its large sales from a small number of titles."

Mr. Pirner admits the success of Pac-Man to attract marginal players has pricked Mattel's desire "to pursue all entertainment areas of interest." New Intellivision titles reflect efforts to diversify with traditional hand-eye coordination games such as "Astrosmash" to the video fantasy, "Advanced Dungeons and Dragons."

While statements about Intellivision advertising plans come easily, budget figures do not. Based on \$9 million in 1981 measured media industry, estimates for Mattel advertising in 1982 range from \$20 million to \$25 million, with the big push this fall.

For Intellivision and Intellivoice, George Plimpton will continue to assail Atari on tv as well as in 1,000 movie theaters and major trade and consumer publications. Separate M Network advertising will be directed to teen males.

In view of increasing competitive sophistication, Mattel is testing a keyboard module and nine programs to expand Intellivision to home computer capability. Whether the company will pursue this direction and Atari into home computers remains to be seen.

For the time being, Mattel is holding to a clear and simple course of marketing electronic games.

In search of Odyssey

The situation is considerably more complex for North American Philips' (NAP) Odyssey. The good news for the company: With a 6% to 8% console unit share, its Odyssey unit has a clear third place. The bad news: Big investments in compatible game development and console defense are needed to keep the franchise viable. Relative to Atari, Mattel and other companies, Odyssey promotion dollars are limited. NAP will only say the budget is "in multiples of the 1981 figure," at most \$15 million to \$18 million.

Until the court decision barring entry of its K.C. Munchkin, rival to Pac-Man, Odyssey intentions were quiet. Since spring, 1982, the adverse ruling and hot competition have brought NAP to the surface churning with activities.

According to marketing vp Gerald Michaelson, 60% of the advertising this fall will support the hardware with the "Wizard of Odyssey" extolling the virtues of the console with computer keyboard. This feature is the Odyssey point of difference: The alphanumeric keys enrich game playability and perceived value at its current retail price of \$150.

The remaining funds will go to software advertising of specific game titles. The listed 43 Odyssey-compatible cartridges contain many original titles with sports, arcade-type, competitive, strategy and education series.

Certain ones, among them Pick Axe Pete, have been designated for special advertising and promotion blitzes. Mr. Michaelson feels that, used together, "promotional events can extend the advertising campaign." Bridging both hardware and software will be the September introductory blitz of a voice synthesizer, the "Voice of Odyssey," available for less than \$100.

While not specific, retail comments about Odyssey games have been lukewarm. Possibly the presold title and advertising fanfare of Atari and Mattel have been missing. Mr. Michaelson stoutly replies:

Megabucks:

Estimated videogame advertising budgets for 1982

Maker	Estimated advertising budget (\$ thousands)	Period covered	Agency
Atari	\$75,000	calendar '82	Doyle Dane Bernbach
Mattel	25,000	calendar '82	Ogilvy & Mather
Activision	20,000	4/1/82 to 3/31/82	J. Walter Thompson USA
Commodore	20,000	last 5 months of '82	Ally & Gargano
Odyssey ²	15,000	calendar '82	Campbell-Ewald
Coleco	15,000	last 6 months of '82	Richard & Edwards
Parker Bros.	15,000	6/1/82 to 5/31/82	Dancer Fitzgerald Sample; Humphrey Browning MacDougall
Astrocade	12,000	last 8 months of '82	Keller, Rubinstein, Jacobs
Imagic	7,000	10/1/82 to 2/28/83	Keye/Donna/Pearlstein
Fox Video Games	6,000	last 6 months of '82	BBDO/West
Spectravision	2,000	last 3 months of '82	In-house
CBS/Gabriel	2,000	12/20/82 to 1/20/83	Cunningham & Walsh
Emerson Radio	being determined	--	Unannounced
Apollo	being determined	--	Benton & Bowles
U.S. Games	being determined	--	AdCom

Sources: Advertising Age Magazine survey of videogame manufacturers and Wall Street.

Home videogames—how Wall Street counts hardware, software

Estimated consoles already installed in U.S. homes, 1982 (thousands)

	Goldman Sachs	Merrill Lynch	Becker
Atari	10,700	10,500	10,500
Mattel Intellivision	2,700	2,300	3,000
Odyssey ²	1,000	1,450	1,000
Others	*	1,200	3,000
Total	14,400	1,200	3,000

Estimated consoles shipped in U.S., 1982 (thousands)

	Goldman Sachs	Merrill Lynch	Becker
Atari	*	4,600	3,600
Intellivision	*	1,500	1,250
Odyssey ²	*	800	600
ColecoVision	*	500	*
Astrocade	*	200	*
Arcadia (Emerson)	*	300	*
Others	*	100	*
Total	6,800	8,000	5,450

Estimated game cartridge shipments in U.S., 1982

Goldman Sachs	72-75 million
Merrill Lynch	68-73 million
Becker	38-50 million

*No specific estimate made.

Sources: Richard P. Simon, Goldman Sachs; Harold J. Vogel, Merrill Lynch Pierce, Fenner and Smith; Anthony Hoffman, Warburg, Parivas Becker.

"Our cartridge sales per main frame are better than anyone else's."

Software wars

The play's the thing, agrees the new crowd of software makers. Just what makes for good play spurs endless debate. With a short product life and no guarantee of success from one title to the next, these differences translate quickly to the bottom line.

One software maker is Activision, with Atari and Intellivision compatible cartridges. James Levy, Activision president, believes software is a "reactively driven" business based on the game designer skill to reach the customer emotions.

Activision has assembled what it considers an elite design group and shuns pre-sold titles. "We do not want

to mislead the customers about quality," says Mr. Levy. The company just completed a \$66 million sales year, up from \$6 million a year ago. Its \$20 million ad budget makes for one of the highest advertising-to-sales ratios.

A different philosophy is espoused at Parker Bros., building on its games expertise. "What happens if all the games offer similar quality?" Asks Richard Stearns, consumer electronics vp. "Strong advertising and licensing will be essential to draw customers." The company crows about the success of its "Empire Strikes Back" game and plans to spend \$3 million advertising per title.

Making cartridges compatible for three consoles, Imagic co-founder James Goldberger says that "Most successes to date had origins in arcades. Future hits will be based on other sources." He stresses consumer research

to separate winners and losers because bad word-of-mouth can rapidly undo the best advertising campaign.

New wave systems

One approach to a better game has been to build a better console. "Better" has varying meanings to these manufacturers attracted by the unsatisfied console demand. A common point seems to be the quality comparison to arcade games.

Anticipated to sell under \$200, according to Michael Katz, Coleco vp-corporate communication, ColecoVision claims superior controls, graphic resolution and open-ended capacity to add on steering wheel, computer keyboard and modules for Atari games. Arcade-quality comparisons are encouraged by the high number of licensed coin-op titles among the 24 ColecoVision games, including the recent leader, Donkey Kong. If customers still prefer Atari VCS, Intellivision or Sears systems, Coleco will offer compatible system games at competitive prices.

The Arcadia 2001 from Emerson Radio will be targeted for a lower price range. This unit presents itself as an advance system, comparable to Intellivision, with plans for a module that will accept Atari games. The makers promise retail profitability at \$100 in-store price based on limited distribution. Two units with varying approaches are being marketed in the \$300 range: Astrocade (formerly known as Astrovision and Bally Arcade) and Commodore's VIC 20.

Astrocade has the same custom microprocessor set as Bally/Midway coin-operated games and four-player capability.

Two unusual games are Creative Crayon, with a pen for drawing electronically on console screens, and Music Maker, for composing electronic music.

VIC 20 is practically a reverse case: A home computer adding cartridges to attract current console buyers to the franchise. A lower-priced model, the Commodore Max, is scheduled for December arrival at about \$180.

Milton Bradley, which in July acquired General Consumer Electronics Co., with arcade-style vector scan technology, is not commenting on future plans, although it will enter seven markets this fall.

'Mega-Tron'

Is the movie "Tron" in effect the longest, most expensive commercial ever made—a commercial for videogames?

Despite its mixed reviews, Mattel will market exclusive "Tron" games based on the recently released, \$20 million Disney film set inside a console. The assumption is children will not be affected in their decision to play the game or see the movie by the reviews.

In search for marketing momentum, various videogame deals with tv and film production companies have been struck.

Lucasfilm has straightforward licensing with Atari, and Parker Bros. and co-venture production arrangements with Atari.

Robert Lee Hunter, director of CBS Video Games, will this December ship two Atari-compatible licensed games and expand the library in the post-Christmas market. Intellivision-compatible and Odyssey-type en-

(Continued on Page M-30)

On the Legal Front

By Sidney A. Diamond



Between Congressional cutbacks and the conservative attitude of President Reagan's appointee as chairman of the Federal Trade Commission, the FTC clearly is limiting the number and breadth of deceptive advertising cases it plans to file. But this does not reduce the potentially sharp impact on any company that happens to lose one of those cases.

When the U.S. government wins, the typical conclusion of an FTC proceeding is an order to cease and desist—in other words, to stop violating the law in the particular area the case involves. Some advertisers and agencies consider this kind of an order the equivalent of a slap on the wrist because there are no fines or monetary damages to pay. But that attitude ignores the expenses of defending the case, including attorneys' fees, the expert witnesses often called in to help and the lost time of company executives in preparing for the defense and testifying at the trial, which often is a very lengthy affair with many interruptions. It also ignores the risk of an embarrassingly broad order and the financial consequences of failing to obey the order scrupulously, as we shall see.

A recent court decision enforcing an FTC order against Sears, Roebuck & Co. provides an example of how things can get out of hand. While the original case was started some years ago and conceivably might not have been filed under today's policy, the FTC's remedies against any loser are not being changed.

In the early 1970s, Sears decided to reposition its top-of-the-line private brand dishwasher, the "Lady Kenmore." J. Walter Thompson USA prepared a memo for Sears stating that the objective was to "transfer the consumer image from a 'price' brand to a superior product at a reasonable price."

The detailed strategy focused on two major product claims: First, the Lady Kenmore completely eliminated the need for scraping and prerinsing of the dishes. Second, the machine would clean dishes on the upper rack as thoroughly as those on the bottom rack.

An advertising campaign based primarily on these claims ran in various forms of print and electronic media over a four-year period at a cost to Sears of some \$8 million. It was a success. From 1971 to 1973, sales of Lady Kenmore dishwashers rose from 35,029 to 105,570

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More than a slap on the wrist

units, an approximately threefold increase.

The trouble was that the claims were untrue. In particular, the owner's manual that the purchaser received after buying the dishwasher contradicted the "no scraping, no prerinsing" claim. It specifically advised the purchaser to presoak or lightly scour certain dishes.

The FTC ordered Sears to cease and desist from making the "no scraping, no rinsing" claim and the "top rack, bottom rack" claim. But it went much further, ordering Sears not to make any claims for any major home appliances unless they were true and unless Sears had a reasonable basis for relying on the statements, consisting of reliable tests or other substantiating evidence.

The major home appliances covered by the additional part of the order included a total of 14 big-ticket items such as air-conditioning units, clothes washers and dryers, refrigerators and freezers, stoves and humidifiers. These particular products were listed on the basis that Sears tested them in the same laboratory it uses to test Lady Kenmore dishwashers.

Sears took the FTC decision to the U.S. Court of Appeals in California in an effort to have it reversed. But the court upheld the FTC by a vote of 2 to 1.

Sears made no real effort to justify the dishwasher claims, where it had been caught in a contradiction between its media advertising copy and the instructions in the owner's manual. Its main problem was the extra burden of having to use special care to avoid stepping over the line on those 14 other items.

There is a big difference between defending a separate FTC proceeding for violating the law and defending an FTC proceeding for violating an existing cease and desist order, which will be explained later.

The lengthy majority opinion of the Court of Appeals excoriates Sears, saying that the Lady Kenmore advertising campaign demonstrated "blatant and utter disregard" for the law.

The judges on the majority side believed that making false claims for a major ticket item was a serious violation because it would be effective for a considerable period of time, with great benefit to the merchant but great cost to the consumer. The court reasoned that the same selling strategy easily could be transferred to the marketing of other home appliances.

FTC orders that extend to more products than the specific item that led to the particular proceeding are nothing new. So the Court of Appeals had no difficulty in upholding the FTC order, including its coverage of the additional 14 products.

The single dissenting judge would have been willing merely to give Sears another chance before the FTC to prove that the other big-ticket items were so unrelated

to dishwashers that the commission had gone too far in its order. Sears now has the legal right to ask the U.S. Supreme Court to review the case, so it is possible we have not yet heard the last of it.

When an advertising agency is responsible for the alleged false claims, the FTC does not hesitate to include it in the proceeding. An agency may risk even more than an advertiser by one of these broad orders. The FTC has ordered agencies to cease and desist from misrepresentations not only about the products of the particular advertiser who ordinarily is the main target of the proceeding but also about the products of other clients of the agency.

In the Sears case, J. Walter Thompson originally was named as a party by the FTC. It settled by consenting to the entry of a limited order against it, conceivably to avoid the danger of having its work for other clients subjected to the kind of broad order just described.

The significance of all this is the difference between a violation of the law and a violation of an existing cease and desist order. A violation of the law may lead to a separate FTC proceeding depending on whether the commission ever finds out about it, whether it falls within the new guidelines and how busy the FTC is with other matters. But that kind of case can be defended on the particular facts applicable to the product and the campaign. A violation of an order is potentially much more serious. The order already is in effect and the only question is whether it was obeyed.

The law states clearly that the penalty for each separate violation of a final FTC order can go as high as \$10,000. If the violation consists of a passive failure to observe the order, each day is a separate \$10,000 (maximum) violation.

Just last year *Reader's Digest* got involved in an enforcement proceeding growing out of an earlier FTC order affecting its sweepstakes promotions. The court found that there was evidence of 17,940,521 separate violations; there were that many improper sweepstakes mailings. Under the circumstances, the penalty of \$1.75 million imposed on the *Digest* could be considered a relative bargain. The propriety of charging that amount was sustained by the U.S. Court of Appeals in Philadelphia.

Even though the FTC may limit its future false advertising activities to "hard-core" cases, its present enforcement and penalty procedures remain intact. Any advertiser or agency trapped in an FTC proceeding should be aware of the possibility of an embarrassingly broad order to cease and desist and conceivably a very expensive penalty, if the FTC charges that it has failed to comply with the order.

Videogames

(Continued from Page M-3)

tries also are possible. Mr. Hunter's hope is to get into areas away from horizontal, vertical and maze patterns.

At Fox Video Games, the first four games rely on such familiar movie titles as "9 to 5" and "Porky's" in addition to two new ones. Target group feedback is essential to guide the Fox programmers and designers. Says Fox staffer Kandes Bregman: "We feel the kids are entrepreneurs and should tell us what they want."

Another entry is expected from MCA-Universal. Marketing vp James Fielder hints that a direction contemplated creates more "sense experience, less observation" with new video technology.

These companies gaze covetously at the millions of television households in the virtually untapped European South American and Pacific markets. And Japan is returning the gaze: A TOMY Toys official confirms possible U.S. entry of home computers with game cartridges by the huge Japanese toy company during 1983.

What's the guy minding the store going to do? High interest rates and inventory turn make store managers move very carefully. Too many consoles and too few cartridges can be retail nightmares. On the other hand, with the new

consoles, customers will shop hardware more closely. Cartridges will relate to the status they confer on customers. Giftgivers will be looking for safety.

Major 1982 videogame marketing events

Manufacturer	Event	Concept
Atari	"Pac-Man Day" (4/3)	27-major market same-day, live appearance of Pac-Man and Ghosts with free games and hoopla
	McDonald's "Rub Away" (8/15-10/15)	Instant-win contest with Atari prizes at participating restaurants
	"SwordQuest" (late fall)	Promotion related to new 4-cartridge game of same name
Mattel	"Astrosmash Shootoff" (3/1-8/11)	National game contest with \$100,000 in prizes (finals near Houston Astrodome)
	"Videochallenges" (8/1-12/31)	18-site contests with primarily sports games and \$180,000 in prizes
	"Tron" Sweepstakes	Product tie-ins with Scott Paper contest
Odyssey*	"Pick Axe Pete Pick-Off" (7/1-8/30)	National game contest with pound of gold bullion as main prize (finals at World's Fair in Knoxville)
	"Otto C. Robot"	Robot spokesmachine at World's Fair
Coleco	\$5 Consumer Refund (9/1-11/30)	Joint promotion with Hostess Cakes supported by \$1 million in network and spot TV
Astrocade	Diamond Vision Contests (summer)	Game contest projected on giant ballpark screens before ballgame (Chicago, New York, Seattle)
Imagic	"Defend Atlantis" (9/15-10/24)	National game contest with \$10,000 in gold as top prize (finals in Bermuda)
U.S. Games	"Name That Game" (fall)	National contest to name untitled game cartridge

Sources: Videogame manufacturers

Bill Silverman, editor of the *Merchandising*, sees store buyers hedging: They will stay with traditional console successes, take a variety of cartridges for new consoles,

see which cartridges move and stock accordingly, he predicts. *Chain Store Age* associate editor Jeff MacCallum hears the retailers want simplicity of equipment and games so that store personnel are free to move. Steve Smith at *Electronics for Kids*, a toy and hobby publication, expects toy stores to try electronic game boutiques staffed with qualified people. Finally, George Kopp of *Video Business* has found overnight cartridge rentals for \$2.50 to be big business and a retail safety valve before big stock commitments.

There is agreement on this: Retailers will first look at the company reputation and its ability to fill orders. Next they will establish logical price points with clear value differences and build game variety. Finally, the importance of coin-op success and/or heavy advertising can rapidly affect opinion.

To some extent, the megamarketing of home videogames has become a mirror image of itself. In conference rooms or on corporate jets strategies are created and implemented. Products are launched and invade alien space. Advertising and promotion are brief blips lighting the screens as opposing forces struggle for supremacy.

As in "Tron," the players are the game.

The network tv connection

The majors—and minors—scramble for the contract

By Anita Seelig

Traditional seasons have become sports seasons. In the fall and winter months—with spring soon to follow—there is football; in the summer there is baseball, and now, just about year-round, save July and August, there is basketball.

But one thing ties them all together: Network television. Watching sports on tv has, in fact, become a way of life: Our viewer settles into a large comfortable chair, a cool brew in hand, eyes concentrated on the illuminated television screen, taking in everything from professional bowling to professional football.

Cable and subscription tv may have attracted his attention lately, but it is network tv that maintains his greatest loyalty.

Professional sports leagues, too, remain loyal to the networks. A tv contract has often reached proportions akin to life and death situations for a league. That may be a bit exaggerated, but a recent contract with ABC-TV breathed life in the fledgling United States Football League (USFL) even before nicknames, coaches or players were selected for the teams.

This is not a one-sided relationship, however. As much as network tv means for the people who are in the sports business, pro sports is just as vital to the fortunes of television companies themselves.

And of all the major sports, pro football is the king of tv. According to 1981 A.C. Nielson Co. tv index sports ratings, football has the highest average audience of all tv network sports with an 18.3% rating.

Baseball ranks behind football, and basketball comes in some distance behind.

It should not be surprising, then, that in the National Football League, few things are as sacred as tv contracts. In the past, the network season package budget has hovered around nine figures. But this year a new high was reached when the big three networks—ABC, NBC and CBS—agreed to pay a combined \$2 billion for the right to carry the NFL games for five years. The combined total of the last contract was \$650 million.

Although the new figure may bring gasps from some, there are reasons that explain what might seem extravagant folly.

For one, the NFL is one of the most popular shows on the network schedule. ABC's Monday Night Football had its highest rating ever last year with a 21.7 share. CBS also made record ratings with a 17.5 share for regular season games. NBC was the exception, dropping from 14.9 to 13.9.

Anita Seelig is a Dallas-based writer whose articles have appeared in Texas Business and other business publications.

Then there is the Super Bowl. That frenzy of football watching broke new territory this year with a 49.1 rating, making it the third-highest rated program after the "Who Shot J.R.?" episode of "Dallas" and the final segment of "Roots." Football's popularity may be one reason NFL commissioner Pete Rozelle decided on the record figure for the football contract. Another may center on the way the NFL itself is operated. It is substantially different from professional baseball and basketball.

all make money."

That doesn't mean the networks will get off without some wincing at the bill. CBS will pay the most for its broadcast rights, probably because of its high ratings and schedule of National Football Conference games. The amount is estimated at \$700 million to \$750 million, or about 2½ times more than all three networks paid previously. ABC, with its prime-time package, is paying the least, several million less than the estimated \$625 million to \$650 million NBC

mark early next year.

Advertisers are more than aware of the circumstances. "The money has to be passed on," says Jerry Solomon of D'Arcy-MacManus & Masius, New York, network buyer with Anheuser-Busch. "Two things happened. All three networks had a higher rights fee. And the NFL has granted each network an extra [preseason] game to sell, and within each game, they added an extra minute."

But this isn't an immediate cure, he says: "They have to

was much of a risk.

"Football is football," Mr. Solomon says. "It's not really a gamble on ABC's part. It's not prime time and it's not pre-empting anything."

Moreover, the new league was sought by not one but two networks, pairing ABC and NBC in a bidding war. CBS was the only network sitting this one out, mostly because of its heavily committed spring basketball schedule.

The founders of the USFL seemed to be thinking tv when they announced franchise sites and season. The inaugural season in 1983 is scheduled from March 6 to July 10. And eight of the top 10 markets were included in the 12 franchise sites—New York, Boston, Philadelphia, Washington, Tampa, Chicago, Denver, San Francisco, Los Angeles, San Diego, Detroit and Birmingham, Ala.

The biggest test will be whether football will hold its attraction through the spring and how well the leagues will be managed by its founders. That hasn't seemed to discourage advertisers. In fact, Anheuser-Busch is eagerly waiting to invest.

"We have been looking for an advertising vehicle for that time of the year," Mr. Solomon says. "We're just waiting for ABC to come to us with a package."

If football has proved the most popular sport on tv, what about basketball and baseball?

Although basketball and baseball teams share revenues from network contracts, the similarities to football end there. Gate receipts make up more than half of the revenue picture, so if a team doesn't draw crowds, the franchise is in financial trouble. Trouble has been no stranger to pro basketball—specifically, the National Basketball Assn. This once-acclaimed sport of the 1970s is struggling for survival in the 1980s.

Commissioner Larry O'Brien said earlier this year that "the NBA is at a crossroads." The news, he said was good and bad. Although the NBA has "the finest athletes in the world playing a game that has nonstop action," he said, the financial picture "is a mixed bag." In fact, only five of the league's 23 teams finished in the black in the 1980-1981 season, while the total league lost \$13 million.

There is some good news, however, to help the sagging NBA. It recently signed a four-year, \$22 million contract with CBS. In 1981, CBS refused to carry the playoffs live because the series fell in the important May ratings sweeps period. To get the network to carry the games live this year, the NBA pushed its entire season back one week.

The championship series began the night after the ratings period ended; CBS obliged.

Also, game attendance has in (Continued on Page M-10)

Super spots: Past, present and future

Cost of 30-second commercial

1983	Super Bowl XVII	\$400,000
1982	Super Bowl XVI	345,000
1981	Super Bowl XV	324,300
1980	Super Bowl XIV	275,000
1979	Super Bowl XIII	222,000
1978	Super Bowl XII	185,000
1977	Super Bowl XI	162,000
1976	Super Bowl X	125,000
1975	Super Bowl IX	110,000
1974	Super Bowl VIII	107,000
1973	Super Bowl VII	103,500

Sources: Broadcast Advertisers Report, NBC-TV

In all three major sports, the teams share the money from the network contracts. With the increase in the football contract, this year—for the first time—the NFL teams will make more money from the tv agreement than from gate receipts. With the new contract, teams will average \$15 million each, up substantially from the \$5.5 million average last year. The Los Angeles Rams will receive the most—\$19.8 million. But even the Cincinnati Bengals, at the bottom of the 26-team list, will gross more than \$14 million. The Rozelle rule: Everyone makes money and everyone is happy.

Even the networks are happy because they too come out ahead. The negotiations for the "happy are we" contract are easy. As one network source quipped, "Rozelle tells us what he wants and we pay it, and we

will pay for its American Football Conference lineup.

Virtually the only debatable question, it seemed, was whether to add ABC to the Super Bowl rotation—previously held by the other networks. The agreement was to allow ABC to carry the Super Bowl once during the five-year contract, in 1985.

And where will all this money come from, you ask? Advertising, the networks answer. The way the system generally works is this: Instead of terrifying sponsors with sudden skyrocketing prices, the networks are creating a scale, asking advertisers to pay more each year. This will slowly edge the current \$200,000 paid per minute for the regular season closer to this year's Super Bowl minute of \$690,000. The Super Bowl, in the meantime, is expected to settle near the magic million

charge more per unit. I don't think the networks are near a sellout position. They're all having problems. They may have a lot of revenue, but not as much as they need.

"I believe the networks in 1982 will have to generate \$120 million more in new revenue to sell-out football as they did in '81."

But how far are advertisers willing to go in terms of dollars spent on commercials?

"As long as it's doing the job," says Mr. Solomon, "I imagine we [Anheuser-Busch] will continue to pay unless we can field another vehicle to achieve the same results."

But the NFL isn't the only football fish in the sea, at least not if the USFL proceeds as planned. ABC reportedly paid from \$17 million to \$24 million for a two-year contract with the new league, a gamble few feel

COMMENTARY CORNER

By Jack Craig



What's all the fan fare for?

The explosion of hard cash and high energy into the cable industry and sports is a reminder of television's commercial origins 35 years ago. Legend holds that NBC's primary motive then for producing tv shows was not so much to sell advertising as to help parent company RCA push sales of tv sets.

We shouldn't laugh at such absence of foresight because people were just as keen and incisive then as now. Similarly, it is altogether possible that the current attitude of sports franchises toward pay tv/pay cable is misdirected, too. A bonanza of cash may not be the end result.

Nonetheless, a recent example of that inclination to pay tv can be found in Boston. There, conventional judgment once ruled that pay cable should be restricted to covering home games while conventional tv should bring back road games. The rationale for the conventional approach is that the limited penetration of pay cable or pay tv for home games protects the live gate while far-flung exposure of road telecasts via conventional tv sustains fan interest. Sounds reasonable.

However, in Boston, that traditional approach is soon to be a thing of the past. There, scheduled for spring, 1983, the combined Red Sox-Bruins pay cable plan will place all baseball and hockey games, Monday through Friday, on the pay channel and all weekend games on free tv. Game location will not be a factor.

Why the new formula? To eliminate confusion among fans about when a game is on free or pay tv. Fans in Boston unwilling to pay the monthly cable fee at least will know enough not to turn on the regular tv set during the week to see local sports action.

Yet there is still fundamental disagreement about how to market sports on pay cable and how profitable it actually will be. And the disagreement emphasizes how little empirical evidence there is to support any theory. But sports franchises continue to speculate and experiment.

One successful pairing of pay cable and sports became apparent last season with the National Basketball Assn.'s Seattle SuperSonics. They charged subscribers \$120 for the entire schedule and made close to \$1 million after paying production and other costs of \$1.2 million. Onward and upward next season? Maybe, unless the first 17,000 fans were the easiest to sign on.

And in terms of really big money, there's the 15-year contract the New York Yankees are negotiating with Woodbury, N.Y.-based SportsChannel.

Reportedly, the Yankees would generate a whopping \$100 million over a 15-year time span. The contract calls for the Yankees to eventually shift all their games away from WPIX-TV, which is paying the Yankees \$5 million this year, to SportsChannel.

This brings up a fundamental question: Should sports fans be asked to pay for what they have previously enjoyed for free? The issue is fast turning into a public relations problem for professional sports.

The Yankees-SportsChannel arrangement is a good example of this. A little history is in order. Last spring, the ballclub had a chance to form its own pay channel. It decided against it. Now, it has returned to SportsChannel on tiptoes. This spring, after it was agreed that 45 Yankee games would appear on the pay channel, there was not one press release sent out, nor one press conference called. Why not? Basically, the Yankees did not want fans to realize that although they would still have 100 free games on WPIX-TV during 1982, 45 games had been win-

nowed away, available for view only at a monthly fee.

There's the rub. The whole premise of pay cable or pay tv is that fans will pay to watch sports on tv.

Now this might make sense on the West Coast, where local tv coverage is limited because of the expensive line costs to the Midwest and East. But in those regions where a higher percentage of a team's games traditionally have been televised at no cost, it is unsubstantiated, and seems presumptuous, that these same fans, in sizable numbers, now will pay.

The manner in which the shifting from free to pay is being done in many cases might impede or even prevent the union of pay tv/cable and sports in a major way.

The ideal tie-in would be for teams to use cable to supplement conventional tv revenue, not replace it. How many franchises would or could accept a sizable cutback in existing tv revenue while waiting for the cable bonanza?

All of this optimism about cable enriching sports is natural enough, though. Just as there is no real evidence that it will happen, there is no real evidence that it won't. And just the possibility of its success increases the value of the franchises.

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Networks

(Continued from Page M-7)
creased after a 9% dip in 1980-1981. Cable also has made an impact, adding an estimated \$5.5 million in revenues to the league.

Cable tv, particularly on a regional basis, has been the salvation for a number of teams. The Seattle SuperSonics last year offered their 82-game package for \$120 per household on cable systems in the Pacific Northwest. The target was 12,000 subscribers to cover costs; by the end of

the season, more than 17,000 had signed, with up to 25,000 expected for next season.

Major league baseball is somewhere between the NFL and NBA. As an industry, baseball is larger than basketball and smaller than football. It also fits the No. 2 position in popularity on tv.

But that doesn't mean the financial picture is any better. Baseball is in trouble, or so says commissioner Bowie Kuhn. Only nine of the 26 teams reported making money in 1980 (the strike last year discounts 1981). Seventeen clubs claimed total losses of about \$40 million.

As Mr. Kuhn says: "It appears that we are well on our way toward the very considerable losses over the five-year period [from] 1980 through 1984 that I predicted last year. It is clear that our industry continues to operate in a precarious financial condition." Baseball fans' response to the commissioner, can, at times, be laced with sarcasm. As one reader wrote to one columnist: "This condition would never have happened if Bowie

Kuhn were alive today."

Mr. Kuhn is definitely not a Pete Rozelle. In fact, the team owners recently met to offer a reconstruction proposal, which would merge the American and National Leagues. The 26 owners would operate as a board of directors with the commissioner in the role of chief executive officer. (Also, there is speculation that Mr. Kuhn may be losing his job as commissioner after baseball team owners meet soon to decide on the renewal of his contract.)

The owners are trying to act as one unit, with the primary goal to solidify the finances of the clubs. More questions will arise next year when the current \$94 million contract with ABC-TV, NBC-TV, CBS Radio and USA Cable expires. At the moment, each team receives about \$2 million each from the network package. But the secret to baseball's survival may be on the local level with cable franchises.

The leader of this crusade is the Atlanta Braves, with access to owner Ted Turner's broadcast empire, Turner Broadcasting System. In addition, the Philadelphia Phillies, New York Yankees, Montreal Expos and Chicago White Sox have local cable contracts that promise success.

Professional sports can barely exist without tv. Hockey and soccer remain minor sports because of the lack of network tv contracts. League leaders interested in success should follow in the footsteps of Pete Rozelle, who proved \$2 billion is not an ugly word.



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